



*"People
helping people
help
themselves"*

June 25, 2001

To: First Steps Local Planning and Coordinating Councils (LPCCs) and
Central Reimbursement Office (CRO) Enrolled Providers
System Point of Entry (SPOEs) and Service Coordinators
From: Jerry Allen, First Steps CRO Project Director
Re: First Steps New Claim System: Encumbrances/Denials Concerns

Indiana First Steps Central Reimbursement Office (CRO) began processing claims on the new First Steps claims system in February, 2001.

The new claims processing system was developed to move the CRO system to a new platform that would be easier to support, provide higher levels of automation and provide the infrastructure to eventually move many activities to the web.

As with any new software system, the design and development is a complex undertaking and even with the best planning some consequences are unanticipated.

The goal of the project was to up date the technology and do it in a way that minimized any disruption to business as usual. Largely, that has been accomplished.

It has come to my attention that an unexpected consequence has occurred related to the differences between the previous system encumbrance logic/process and the new system encumbrance logic/process. It is significant and is disrupting payment on some final billings.

In the last month information received from concerned providers suggests that the scope of problem is broader than we understood.

We are currently in the process of researching and analyzing the various denial and authorization types documented by providers. Until we complete analysis, we cannot identify the appropriate solutions. We plan to have the analysis completed for policy review by the end of June.

It is anticipated that providers who have billed and been denied payment will have the opportunity to re-submit their claims for payment.

It has been suggested that the denials are an attempt to reduce costs. This is not part of a revenue enhancement scheme. The new system was designed to reduce the cost of maintaining and operating the CRO system itself and was not intended to prohibit reimbursement of providers for services legitimately authorized. On the other hand, if a child is in the system for a given period of time, we want the system to authorize and encumber units consistent with that period of time, not more and not less. If the new system is deviating from that goal we will take necessary action to correct the situation.